

REQUIRES MONITORING  
OR STAFF ACTION NO

**COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTERS	<input type="checkbox"/>	DATE	<u>April 11, 2006</u>
MOTOR CARRIER MATTERS	<input type="checkbox"/>	DOCKET NO.	<u>2006-2-E - -</u>
UTILITIES MATTERS	<input checked="" type="checkbox"/>		<u></u>

**SUBJECT:**

DOCKET NO. 2006-2-E – South Carolina Electric and Gas Company – Annual Review of Base Rates for Fuel Costs – Discuss this matter with the Commission.

**COMMISSION ACTION:**

Before I make a motion, I want to thank the parties for working together to reach a Settlement Agreement that results in a lower fuel factor than originally proposed by SCE&G. Efforts to reduce the impact of historically high fuel prices on consumers are greatly appreciated.

Move that the Commission:

1. Accept and approve as reasonable and in the public interest the Settlement Agreement submitted by the parties and testified to;
2. Order that SCE&G set its fuel component at 2.516 cents per Kwh effective for bills rendered on or after the first billing cycle of May 2006 through the billing month of April 2007;
3. Order the parties to abide by all terms and conditions of the Settlement Agreement including the study of the feasibility of hedging natural gas supplies for electric generation;
4. Order that SCE&G file an original and ten (10) copies of the South Carolina Retail Adjustment for Fuel Cost Tariff within ten (10) days of receipt of an Order from this Commission;
5. Order SCE&G to comply with the notice requirements set forth in S.C. Code Ann. §58-27-865(B) (Supp.2004);
6. Order SCE&G to file monthly reports as previously required;
7. Order SCE&G to account monthly to the Commission, Office of Regulatory Staff (ORS), and CMC Steel for differences between the recovery of fuel costs through base rates and actual fuel costs experienced by booking the difference to unbilled revenues with a corresponding debit or credit;
8. Order SCE&G to monitor the cumulative recovery account;
9. Order SCE&G to submit monthly reports to the Commission and ORS of fuel costs and scheduled and unscheduled outages of generating units with a capacity of 100 MW or greater; and,
10. Find that the fuel purchasing practices, plant operations, and fuel inventory management of SCE&G are prudent.

Finally, I want to express a note of caution regarding the spreading of the recovery of fuel costs over multiple years. Although this lowers the immediate increase to the customer, it may result in higher future increases to the customer if fuel prices continue to rise and the under-recovery of fuel costs by SCE&G and the associated carrying costs increase. Care must be taken to ensure that we are not “Robbing Peter to Pay Paul.”

PRESIDING	<u>Mitchell</u>				Session: Regular
	MOTION	YES	NO	OTHER	Time of Session <u>2:30 PM</u>
CLYBURN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		APPROVED _____
FLEMING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		APPROVED STC 30 DAYS _____
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		ACCEPTED FOR FILING _____
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		DENIED _____
MITCHELL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		AMENDED _____
MOSELEY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Absent	TRANSFERRED _____
WRIGHT	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		SUSPENDED _____
					CANCELED _____
					SET FOR HEARING _____
					ADVISED _____
					CARRIED OVER _____
					RECORDED BY <u>T. DeSanty</u>

\*Commissioner Moseley was on Annual Leave